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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM 10-KSB/A
Amendment No. 1**

- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended May 31, 2005
- ☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _____ to _____

ELGRANDE INTERNATIONAL, INC.

(Exact name of small business issuer as specified in its charter)

Nevada	N/A	88-0409024
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
1450 Kootenay Street, Vancouver, B.C., Canada		V5K 4R1
(Address of principal executive offices)		(Zip Code)

604-689-0808

Issuer's telephone number, including area code

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, \$.001 par value per share

(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ☒

State issuer's revenues for its most recent fiscal year. \$1,040,306

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

The aggregate market value of the Common Stock held by non-affiliates (based upon the last reported price on the bid-ask average on the OTC Bulletin Board) on August 26, 2005 was approximately \$826,540. As of August 26, 2005, there were 30,612,479 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None.

Transitional Small Business Disclosure Format (Check one): Yes ☐ No ☒

FORWARD LOOKING STATEMENTS

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based on the Company's current expectations as to future events. In the light of the uncertainties in the potential markets for the Company's planned products, the forward-looking events and circumstances discussed in this document might not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

GENERAL

Elgrande International, Inc. ("Elgrande", the "Company", "we" or "us") specializes in designing, sourcing, importing, marketing and distributing products for the North American giftware, and home décor sectors. The Company's wholesale distribution division European Sources Direct (ESD) sources product from small and mid-sized European based "export ready" manufacturers and sells to 700 customers with over 1,100 retail locations that include independent retailers and national key accounts. Sales are achieved through a network of 12 sales agencies, 10 show rooms and 120 professional sales representatives.

In addition to representing established product lines Elgrande actively works with selected artists and manufacturers to design and produce limited edition products for sale through ESD's customer base. The ability to bring limited edition products into established markets places Elgrande in a leading edge position to stay ahead of the market curve. Elgrande currently represents products produced by Walther-Glas (Germany), Almas d'Areosa Ceramicas (Portugal), and is working with Dagmar Pancova s.r.o. (Czech Republic) to produce a line of limited edition glasses. The Company's products are presented on-line at www.Elgrande.com and www.EuropeanSourcesDirect.com.

Elgrande launched European Sources Direct in September 2002. Representation agreements have been signed with sales agencies in Atlanta, Chicago, Dallas, Annapolis, Denver, High Point, Los Angeles, Montreal, New York, San Francisco, and Seattle. The agency sales territories cover over 90 percent of the US and Canadian populations. The Company's products are displayed in sales agency showrooms in Atlanta, Chicago, Dallas, Denver, High Point, Los Angeles, NYC, San Francisco, and Seattle. The Company's offices and warehouse are located in Vancouver, British Columbia, Canada.

RISK FACTORS

In evaluating us, the following risk factors should be carefully considered.

Risks Factors Associated with the Company

We have only a limited operating history.

We were founded in April 1998 and began operating our Elgrande.com web site on June 2, 1999. That web site was subsequently terminated. We opened the Shopengine.net web site in November of 2001. We commenced operation of our wholesale business in January 2003. Accordingly, we have a limited operating history on which to base an evaluation of our business and prospects. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as online commerce.

To address these risks, we must, among other things, increase our supplier and customer base, implement and successfully execute our business and marketing strategy, continue to develop and upgrade our technology and transaction-processing systems, provide superior customer service and order fulfillment, respond to competitive developments, and attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so could have a material adverse effect on our business, prospects, financial condition and results of operations.

Through the early stages of development and until our wholesale business is fully deployed, expenses will exceed revenues generated. We expect to use funding options to offset operating losses. If such net proceeds, together with cash generated by operations, are insufficient to fund future operating losses, we will be required to raise additional funds. There can be no assurance that such financing will be available in amounts or on terms acceptable to us, if at all.

We will be required to raise substantial amounts of capital.

We will be required to raise substantial amounts of capital to continue development and commercialization of our wholesale business, and there is no assurance that we will be able to raise this additional required capital.

Our future revenues are unpredictable.

As a result of our limited operating history and the emerging nature of the markets in which we compete, we are unable to accurately forecast its revenues. Our current and future expense levels are based largely on our investment plans. Operating results will, to a large measure, depend on the volume and timing of orders the ability to support orders. We will be substantially dependent on raising equity capital for the foreseeable future and, without access to additional equity capital, we may be forced to cease business operations.

Our systems may fail.

Our success largely depends on the efficient and uninterrupted operation of our computer and communications hardware systems. Our systems and operations are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, break-ins, earthquake and similar events.

We do not presently have redundant systems and do not carry business interruption insurance to compensate for losses that may occur as a consequence of complete system failure. Despite the implementation of network security measures, our servers are vulnerable to computer viruses, electronic break-ins and similar disruptions, which could lead to interruptions, delays, and loss of data or the temporary inability to accept and fulfill orders. The occurrence of any of the foregoing risks could have a material adverse effect on our business, prospects, financial condition and results of operations.

Management of future operations.

There can be no assurance that our current and planned personnel, systems, procedures and controls will be adequate to support our future operations or that management will be able to hire, train, retain, motivate and manage required personnel.

We are subject to risks of international business.

There are inherent risks of conducting business internationally. Language barriers, foreign laws and customs and duties issues all have a potential negative effect on our ability to transact business with citizens of foreign countries. We may be subject to the jurisdiction of the government and/or private litigants in foreign countries where we transact business, and we may be forced to expend funds to contest legal matters in those countries in disputes with those governments or with customers or suppliers.

Risk Factor Associated with the Industry

Dependence on acceptance of product in the wholesale market,

The Company's future growth and success will substantially depend on its success in introducing and selling product in the North American giftware and home décor wholesale markets. While the Company has enjoyed strong initial success, there is no guarantee that it can continue to source and introduce new products that have strong market appeal and sufficient margins and sales to support and grow the business. The resources required to support product development are not insignificant and their availability will depend on the ongoing success of the business. There can be no guarantee or assurance that the Company will be able to sustain this activity or that the activity will provide the products necessary to advance the Company.

EMPLOYEES

We currently have nine employees, consisting of, one Controller, two sales staff, four administrative clerks, one warehouse handlers, one database manager, and two consultants, consisting of the President and the warehouse consultant. We plan to hire additional employees to support our wholesale program as the need arises.

ITEM 2. PROPERTIES

Our executive headquarters is located at 1450 Kootenay Street Vancouver, B.C. We have entered into a lease for our premises of approximately 5,400 square feet, with a term commencing August 1, 2003 and expiring on July 31, 2006. The lease provides for a base rent of \$3,300 per month. Pursuant to the lease, we are also responsible for additional rents for building operating costs. We believe that the premises are adequately insured.

ITEM 3. LEGAL PROCEEDINGS

We are not currently involved in any litigation, nor do we know of any threatened litigation against us that would have a material effect on our financial condition.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF STOCKHOLDERS

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SHAREHOLDER MATTERS

Our Common Stock has traded on the OTC Bulletin Board since October 5, 1999. Over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not represent actual transactions. Prior to August 11, 2003 our trading symbol was "EGND". Effective August 11, 2003, we implemented a 10-for-1 reverse split of our common stock. The new trading symbol effective August 11, 2003 is "EGDE". The following sets forth the range of high and low bid information for the quarterly periods indicated of our last two fiscal years as reported by the National Quotation Bureau:

	BID	
	LOW	HIGH
<u>2004</u>		
First Quarter	\$0.01	\$0.13
Second Quarter	\$0.20	\$0.55
Third Quarter	\$0.11	\$0.41
Fourth Quarter	\$0.13	\$0.40
<u>2005</u>		
First Quarter	\$0.03	\$0.20
Second Quarter	\$0.04	\$0.07
Third Quarter	\$0.04	\$0.10
Fourth Quarter	\$0.04	\$0.09

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information with respect to our common stock issued and available to be issued under outstanding options, warrants and rights.

Plan category	A Number of securities to be issued upon exercise of outstanding options, warrants and rights	B Weighted-average exercise price of outstanding options, warrants and rights	C Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	NA	NA	NA
Equity compensation plans not approved by security holders	2,521,000	\$0.83	4,674,172
Total	2,521,000	\$0.83	4,674,172

HOLDERS

As of August 26, 2005, the number of holders of record of shares of common stock, excluding the number of beneficial owners whose securities are held in street name, was approximately 177.

DIVIDEND POLICY

We do not anticipate paying any cash dividends on our common stock in the foreseeable future because we intend to retain our earnings to finance the expansion of our business. Thereafter, declaration of dividends will be determined by the Board of Directors in light of conditions then existing, including without limitation our financial condition, capital requirements and business condition.

RECENT SALES OF UNREGISTERED SECURITIES

The following table sets forth the information with respect to all securities of the Company sold in its fiscal years ended May 31, 2004 and 2005, without registration of the securities under the Securities Act of 1933. The information includes the names of purchasers, date of issue, number of shares issued or shares into which warrants are convertible, the exercise price and expiration date of warrants, and the consideration received by the Company for the issuance of the shares or warrants. The securities so sold are believed by the Company to be exempt from registration under either Regulation S or Rule 506 under the Securities Act of 1933.

Number of Shares

Name	Date of Issue	Type of Security	Purchase or Exercise Price (USD Per Share)	Purchased Purchasable Upon Exercise or Conversion	Expiration Date(WTS) or Duedate(DEB)
M. Morford	2/02	Common Stock	0.026	357,692	
M. Morford	4/02	Common Stock	0.06	66,666	
D P Martin & Assoc	3/02	Common Stock	0.070	1,000,000	
S. Jackson	3/02	Common Stock	0.045	1,111,111	
Charles Van Musscher	4/02	Common Stock	0.040	250,000	
Jennifer Morford	5/02	Common Stock	0.0253	84,615	
Stockreporter Ltd.	5/02	Common Stock	0.060	650,000	
Ernest Perich	5/02	Common Stock	0.065	461,538	
Maureen Morford	7/02	Common Stock	0.032	424,358	
Carol Murphy	8/03	Common Stock	0.0414	74,517	
Robert Issac	8/03	Common Stock	0.0414	74,517	
T. Simons	9/03	Common Stock	0.38	2,282,486	
Dataway Systems	9/03	Common Stock	0.30	31,400	
S. Jackson	9/03	Common Stock	0.30	167,000	
M. Holloran	9/03	Common Stock	0.18	1,014,616	
Fisherman's Wharf Market	9/03	Common Stock	0.30	83,333	
C. Goddard	9/03	Common Stock	0.30	25,000	
Nicholas Moore	12/03	Common Stock	0.50	35,000	
Maggie Ramsay	12/03	Common Stock	0.20	11,344	
Miggs Consulting	12/03	Common Stock	0.40	8,066	
Glen Boehm	12/03	Common Stock	0.22	29,162	
T. Simons	1/04	Common Stock	0.30	947,917	
Perich & Partners	1/04	Common Stock	0.22	45,813	
T. Simons	2/04	Common Stock	0.28	681,101	
M. Holloran	2/04	Common Stock	0.23	83,912	
G. Madeya	3/04	Common Stock	0.10	100,000	
M. Langert	3/04	Common Stock	0.10	100,000	
Nicholas, Moore & Associates	9/04	Common Stock	0.06	122,000	
R. Somerville	1/05	Common Stock	0.07	27,935	
V. Davidson	2/02	Debenture		500,000	Feb, 2005
M. Holloran	9/02	Debenture		830,414	Sept, 2004
M. Holloran	11/03	Debenture		2,310,871	Jun, 2005

(1) Stock equivalent upon debenture conversion as at closing price on August 26, 2005 (\$0.027).

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Cautionary Statement Regarding Forward-Looking Statements

This annual report contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. Some discussions in this report may contain forward-looking statements that involve risk and uncertainty. A number of important factors could cause our actual results to differ materially from those expressed in any forward-looking statements made by us in this report. Forward-looking statements are often identified by words like: "believe", "expect", "estimate", "anticipate", "intend", "project" and similar expressions or words which, by their nature, refer to future events.

In some cases, you can also identify forward-looking statements by terminology such as "may", "will", "should", "plans", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

RESULTS OF OPERATIONS

Comparison of the Years Ended May 31, 2005 and May 31, 2004.

In November 2002 we launched our wholesale division, European Sources Direct (ESD). Since then, we have established wholesale sales representation in key U.S. and Canadian regional giftware and home décor wholesale centers. We have secured certain exclusive corporate and wholesale distribution rights for products within the USA, Canada and Mexico. The Company has invested in product inventory to fulfill sales, to stock showrooms established in key market centers in the USA and Canada, and provide a minimum level of safety stock. On May 31, 2005 we had inventory on hand of \$256,898.

For the year ended May 31, 2005, we had revenues of \$1,040,306 versus \$1,080,907 for the same period ending last year. This increase in revenues is primarily due to the strong performance of Elgrande's inaugural product-line, The Love Plates, in the giftware and home decor market.

Gross Profit for the year ending May 31, 2005 was \$370,445 versus \$367,397 as at May 31, 2004. The current positive gross profit of 34 percent is due to the wholesale activity.

Changes in Financial Condition

A summary of expenses for the year ended May 31, 2005 compared to the same period in 2004 is as follows:

	<u>2005</u>	<u>2004</u>
Consulting	168,018	149,891
Selling expense	270,410	384,012
Legal and other	103,116	87,944
Salaries	428,976	492,684
Depreciation and amortization	28,962	99,241
Office and administration	213,726	398,400
Travel and entertainment	37,309	89,475
	<u>1,250,517</u>	<u>1,701,647</u>

There were some changes in the Company's financial condition. Significant changes that warrant discussion include:

Selling expense

Selling expenses were 30% lower in the year ended May 31, 2005 than in the same period ended 2004. Due to established lines, our need for promotional activity was decreased. We limited our trade show attendance to key shows with guaranteed retailer attendance. In addition, certain of our expenses were reclassified from Selling Expenses to Office and Administration in our third quarter to properly reflect only sales generating expenses.

Depreciation and amortization

Our property and equipment were fully amortized at the start of this fiscal year and accordingly, our depreciation expense had been greatly reduced as the year ended.

Office and Administration

Office and administration costs were lower by 46% in the year ended May 31, 2005 compared to 2004 due to a variety of reasons. Investor relations expenses were severely cut back during the year leading to a large drop in costs. In the year ended 2004, we incurred several non-recurring expenses such as the specialized manufacturing of crates for efficient trade show transportation and infrastructure set up costs for our warehouse facilities.

Travel and Entertainment

In the year ended May 31, 2005 we cut our travel and entertainment costs by close to 60% by being selective in the trade shows we attended. We also limited our representation at these trade shows, further cutting back travel costs.

Management is currently investigating other ways to improve its business administration. This may involve additional investments in information technology to create efficiencies.

LIQUIDITY AND CAPITAL RESOURCES

Trends Likely to Have a Material Impact on Short & Long Term Liquidity the Success of the Wholesale Line

In the previous fiscal year, we established relationships with a network of 12 wholesale marketing agencies and representatives covering the North American market. In this fiscal year to date, we have a total to 11 marketing agencies in the US and 5 marketing agencies in Canada. We have negotiated exclusive distribution rights with our supplier who provides the key products in our product line. Having established North American sales representation, along with the strength of our existing product lines, Management believes that revenues will continue to grow to reach its full potential. This will position us to be cash flow positive, self-sustaining and ultimately, profitable.

Liquidity

Uncertainties and/or fluctuations in the marketplace have an impact on liquidity that cannot be quantified at this time.

Internal and External Sources of Capital

We have limited assets to sell in order to create short or long term liquidity. Therefore we are dependant on a combination of external sources for funding and the developing trend to positive net cash flow to maintain liquidity.

We anticipate the need to develop sufficient inventory to meet sales demand. Short term, we will have to rely on external sources for funding to support immediate inventory requirements. Long-term, inventory build-up is planned to coincide with our ability to generate positive cash flow. Until such time as we have positive cash flow on a monthly basis, the dependence on external capital will remain.

There are no guarantees that we will be able to raise external capital in sufficient amounts or on terms acceptable to us. Our ability to demonstrate a consistent trend of positive cash flow and profitable quarters may have a beneficial effect on liquidity.

Investing Activities

Investing activities for the period from inception through May 31, 2005 consisted primarily of the purchase of inventory, property and equipment and soft costs associated with the development of our wholesale activities.

Financing Activities

Since inception, we financed operations through proceeds from the issuance of equity and debt securities and loans from shareholders and others. To date, we raised approximately \$7 million from the sale of common stock and have borrowed approximately \$2 million from investors and shareholders. As at May 31, 2005, approximately \$766,590 remains as debt. Funds from these sources have been used as working capital to fund the on-going development of our wholesale division.

During the quarter ending August 31, 2003, we underwent capital restructuring. Since then we have been engaged in a turnaround process that entailed shifting the business focus to importing and wholesale distribution in the giftware and home decor sector. This transition has been extremely successful as evidenced by our increasing sales revenues and expenses. Our Board and management have been focused on carefully examining ways and means of continuing to move ahead. This process included speaking with key suppliers, large customers and potential funding sources.

By August 2003, it had become clear that capital restructuring was a necessary step to allow the expansion of its product base, to sign large customers, to improve its due diligence profile with key account customers and suppliers, and to conclude negotiations for the funding necessary to support and grow the business. Upon reviewing these facts and on the advice of counsel, the Board decided that it was in our long-term best interest and the best interests of our shareholders to effectuate a change in our capital structure, and thereby provide us with a more stable base to build upon. In August 2003 we effected a 10 for 1 reverse split of our common stock.

On October 3, 2004, we entered into a merger agreement with Biscayne Bay Trading Corporation ("Biscayne Bay"), a Florida corporation. Biscayne Bay was created to market and sell leading home décor and office furnishing products throughout the southeast United States. The merger became effective October 30, 2004 after which Biscayne Bay ceased to exist.

We issued 35,000 shares of our common stock in exchange for the outstanding shares of Biscayne Bay which equated the aggregate fair market value of approximately \$8,000 of Biscayne Bay at the time of merger. As part of the merger agreement with Biscayne Bay the rights and obligations of Biscayne Bay under a debenture agreement were assigned to us, so that we would receive any subsequent funding under the debenture agreement. Under the agreement, we have received \$697,000 in convertible debentures to date.

Our financing activities for the year ended May 31, 2005 provided a net total of \$803,413. Cash at the end of the period was \$7,918. As of August 26, 2005, we had cash of \$5,000.

The timing and amount of future capital requirements will depend on the demand for the Company's products and services, and the availability of expansion opportunities through added products, geographical presence, strategic affiliations and other business relationships.

PLAN OF OPERATION

We specialize in designing, sourcing, importing, marketing and distributing products for the North American giftware, and home décor sectors. Our wholesale distribution division European Sources Direct (ESD) sources product from small and mid-sized European based “export ready” manufacturers and sells to over 700 customers with over 1,100 retail locations that include independent retailers and national key accounts, which include Fred Segal, Neiman Marcus, Marshall Fields, Saks and Spiegel. Sales are achieved through a network of 12 sales agencies, 10 show rooms and 120 professional sales representatives.

Revenue has substantially increased over prior quarters. As revenue grows, so does the potential for trends, events and uncertainties to influence future cash flow and revenue.

Our wholesale activity is centered on procuring, importing, marketing and selling international products within the North American wholesale market. The current principal country of supply is Germany, with which we have negotiated exclusivity of product supply and currency accommodation. This will secure us a level of uniqueness of products in the marketplace and a reduction of exposure to foreign currency fluctuations between the Euro and US dollars. In the last year, we have also introduced a line of glassware from the Czech Republic and ceramics from Portugal.

Until such time we are able to further diversify our source of supply and range of product, interruptions in supply from manufacturers may have a negative impact on operations, as would any major reduction in consumer demand.

Our product lines are subject to two buying seasons. A Spring/Summer season, which has buying in the period late January through late April of each year, and a Fall/Winter season which has buying in the period late June through late October. There are order lulls in the periods between the two buying seasons, specifically November through December and May through June. The seasonality of the industry therefore has a material effect on the financial condition or results of operations.

We generated negative cash flow from operating activities for the period from inception (April 8, 1998) through May 31, 2005. We realized negative cash flow of \$828,710 from operating activities for the twelve months ending May 31, 2005 compared to negative cash flow of \$766,609 from operating activities for the year ended May 31, 2004.

ITEM 7. FINANCIAL STATEMENTS



Williams & Webster, P.S.
Certified Public Accountants & Business Consultants

Board of Directors
Elgrande International, Inc.
Vancouver, BC

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have audited the accompanying consolidated balance sheets of Elgrande International, Inc. as of May 31, 2005 and 2004, and the related consolidated statements of operations and comprehensive income (loss), stockholders' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elgrande International, Inc. as of May 31, 2005 and 2004, and the consolidated results of its operations and comprehensive income (loss), stockholders' deficit and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company's significant operating losses raise substantial doubt about its ability to continue as a going concern. Management's plans regarding the resolution of this issue are also discussed in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Williams & Webster, P.S.
Certified Public Accountants
Spokane, Washington
August 29, 2005

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ELGRANDE INTERNATIONAL, INC.
(Formerly known as Elgrande.com, Inc.)
CONSOLIDATED BALANCE SHEETS

A S S E T S	May 31, 2005	May 31, 2004
CURRENT ASSETS		
Cash	\$ 7,918	\$ 96,874
Accounts receivable	163,671	198,195
Prepaid inventory	-	7,845
Inventory	256,898	293,714
Employee expense advances	2,884	2,365
GST tax refundable	6,999	33,992
TOTAL CURRENT ASSETS	438,370	632,985
PROPERTY AND EQUIPMENT, NET	1,950	22,769
OTHER ASSETS		
Software, net	46,596	48,457
Deposits	33,062	31,421
TOTAL OTHER ASSETS	79,658	79,878
TOTAL ASSETS	\$ 519,978	\$ 735,632
 LIABILITIES & STOCKHOLDERS' EQUITY(DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 282,740	\$ 222,010
Accrued liabilities	240,759	791,473
Accrued interest	35,143	37,277
Debentures	35,000	55,727
Loans payable	766,590	18,359
Debentures and loans payable, related parties	249,839	178,262
TOTAL CURRENT LIABILITIES	1,610,071	1,303,108
 COMMITMENTS AND CONTINGENCIES	126,710	170,992
 STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, 200,000,000 shares authorized, \$.001 par value; 23,439,667 and 16,959,600 shares issued and outstanding, respectively	23,439	16,959
Additional paid-in capital	9,270,157	8,831,216
Accumulated deficit	(10,513,395)	(9,577,395)
Accumulated other comprehensive income (loss)	2,996	(9,248)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(1,216,802)	(738,468)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 519,979	\$ 735,632

The accompanying notes are an integral part of these financial statements.

ELGRANDE INTERNATIONAL, INC.
(Formerly known as Elgrande.com, Inc.)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Year Ended May 31, 2005	Year Ended May 31, 2004
R E V E N U E S	\$ 1,040,306	\$ 1,080,907
COST OF REVENUES	<u>669,861</u>	<u>713,510</u>
GROSS PROFIT	<u>370,445</u>	<u>367,397</u>
E X P E N S E S		
Consulting fees	168,018	149,891
Legal and professional fees	103,116	87,944
Salaries	428,976	492,684
Depreciation and amortization	28,962	99,241
Office and administration	123,107	316,655
Travel and entertainment	37,309	89,475
Selling expense	270,410	384,012
Rent	79,969	69,808
Foreign exchange transactions (gain) loss	<u>10,650</u>	<u>11,937</u>
TOTAL OPERATING EXPENSES	<u>1,250,517</u>	<u>1,701,647</u>
LOSS FROM OPERATIONS	(880,072)	(1,334,250)
OTHER INCOME (EXPENSE)		
Debt forgiveness	29,777	236,770
Interest income	38	77
Interest expense	<u>(85,743)</u>	<u>(134,374)</u>
TOTAL OTHER INCOME (EXPENSE)	<u>(55,928)</u>	<u>102,473</u>
NET LOSS	(936,000)	(1,231,777)
OTHER COMPREHENSIVE LOSS		
Foreign currency translation gain (loss)	<u>12,244</u>	<u>(3,253)</u>
COMPREHENSIVE LOSS	<u>\$ (923,756)</u>	<u>\$ (1,235,030)</u>
BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>\$ (0.05)</u>	<u>\$ (0.12)</u>
WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, BASIC AND DILUTED	<u>17,675,422</u>	<u>10,500,640</u>

The accompanying notes are an integral part of these financial statements.

ELGRANDE INTERNATIONAL, INC.
(Formerly known as Elgrande.com, Inc.)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock				Accumulated	Accumulated	Total
	Number	Amount	Additional	Accumulated	Other	Comprehensive	Stockholders'
	of Shares		Paid-in Capital	Deficit	Income (Loss)		Equity
							(Deficit)
Balance, May 31, 2003	3,540,283	\$ 3,540	\$ 6,608,089	\$ (8,345,618)	\$ (5,995)	\$	(1,739,984)
Stock issued for debt and interest at an average of \$0.31 per share	4,354,181	4,354	1,366,991	-	-		1,371,345
Stock issued for accrued expenses at an average of \$0.16 per share	1,480,489	1,480	239,280	-	-		240,760
Stock issued for conversion of debentures at an average of \$.14 per share	308,333	308	42,192	-	-		42,500
Stock issued for services at an average of \$0.31 per share	122,184	122	37,210	-	-		37,332
Stock rescinded	(35,000)	(35)	35	-	-		-
Stock issued for cash at \$0.08 per share less \$233,386 for issuance costs	7,189,089	7,190	537,420	-	-		544,610
Warrants expired	-	-	-	-	-		-
Options expired	-	-	-	-	-		-
Miscellaneous stock adjustment for reverse split	41	-	-	-	-		-
Net loss for the year ended May 31, 2004	-	-	-	(1,231,777)	-		(1,231,777)
Foreign currency translation gain (loss)	-	-	-	-	(3,253)		(3,253)
Balance, May 31, 2004	16,959,600	16,959	8,831,216	(9,577,395)	(9,248)		(738,468)
Stock issued for services at an average of \$0.07 per share	136,143	136	9,607	-	-		9,743
Stock issued for compensation at an average of \$0.05 per share	138,125	138	6,996	-	-		7,134
Stock issued for debt and interest at an average of \$0.07 per share	6,205,799	6,205	422,339	-	-		428,544
Net loss for the year ended May 31, 2005	-	-	-	(936,000)	-		(936,000)
Foreign currency translation gain (loss)	-	-	-	-	12,244		12,244
Balance, May 31, 2005	23,439,667	\$ 23,439	\$ 9,270,158	\$ (10,513,395)	\$ 2,996	\$	(1,216,803)

The accompanying notes are an integral part of these financial statements.

ELGRANDE INTERNATIONAL, INC.

(Formerly known as Elgrande.com, Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOW

	Year Ended May 31, 2005	Year Ended May 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (936,000)	\$ (1,231,777)
Adjustments to reconcile net loss to net cash used by operating activities:		
Services paid by issuance of common stock	9,743	37,332
Stock issued for interest expense	17,521	-
Depreciation and amortization	28,962	99,241
Forgiveness of debt	(29,777)	(236,770)
Decrease (increase) in:		
Accounts receivable	34,524	(104,277)
Prepaid expenses	(1,027)	5,987
Prepaid inventory	7,845	54,244
Inventory	36,816	(258,376)
Other assets	26,993	(19,912)
Accrued liabilities	(150,714)	715,265
Accounts payable	90,507	32,183
Commitments and contingencies	44,282	107,203
Increase (decrease) in:		
Employee advance receivable	(519)	5,055
Accrued interest	(7,866)	27,993
Net cash used in operating activities	<u>(828,710)</u>	<u>(766,609)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposits	(14,412)	(19,973)
Software acquisition	(54,740)	(48,457)
Purchase of property and equipment	-	(27,193)
Net cash used in investing activities	<u>(69,152)</u>	<u>(95,623)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans, related party, net	18,189	126,259
Proceeds from loans	733,919	427,103
Repayment of loans	(20,272)	(29,956)
Issuance of common stock for cash	-	544,609
Net cash provided by financing activities	<u>803,413</u>	<u>941,756</u>
Net increase (decrease) in cash	(94,449)	79,524
Foreign currency translation gain (loss)	5,493	(3,252)
Cash, beginning of period	96,874	20,602
Cash, end of period	\$ <u><u>7,918</u></u>	\$ <u><u>96,874</u></u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest and income taxes:		
Interest	\$ <u><u>-</u></u>	\$ <u><u>6,798</u></u>
Income taxes	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Accrued liabilities paid with stock	\$ -	\$ 240,760
Debt converted to stock	\$ 400,000	\$ 1,423,845
Services paid by issuance of stock and options	\$ 9,743	\$ 37,332

The accompanying notes are an integral part of these financial statements.

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NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Elgrande International, Inc., (formerly known as Elgrande.com, Inc.) (hereinafter, “the Company”), was incorporated in April 1998 under the laws of the State of Nevada. Through the year ended May 31, 2001, the Company was primarily involved in developing and marketing internet applications, specifically for books, software, audio and video media, and computer games. During the year ended May 31, 2003, the Company changed its focus and now is operating the ShopEngine.net website which markets European designed giftware and home products. In addition, the Company, doing business as European Sources Direct, has an exclusive distributorship for gift and tableware from a German glass company. The Company maintains an office in Vancouver, British Columbia, Canada.

Elgrande International, Inc. formed a wholly owned subsidiary, Yaletown Marketing Corp., a British Columbia Corporation, to provide management and administrative services for the Company. Yaletown Marketing was incorporated February 23, 1999 in Victoria, British Columbia, Canada.

In June 2002, the Company incorporated a German subsidiary, Elgrande Europe AG, to provide an operating presence in Europe. The appropriate utilization of this subsidiary by the Company is still being determined.

The Company’s year-end is May 31.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Elgrande International, Inc. is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Accounting for Stock Options and Warrants Granted to Employees and Nonemployees

In December 2004, the Financial Accounting Standards Board issued a revision to Statement of Financial Accounting Standards No. 123R, “Accounting for Stock Based Compensations.” This statement supersedes APB Opinion No. 25, “Accounting for Stock Issued to Employees,” and its related implementation guidance. This statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity’s equity instruments or that may be settled by the issuance of those equity instruments. This statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. This statement does not change the accounting guidance for share based payment transactions with parties other than employees provided in Statement of Financial Accounting Standards No. 123. This statement does

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not address the accounting for employee share ownership plans, which are subject to AICPA Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans." The Company has not yet determined the impact to its financial statements from the adoption of this statement.

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", defines a fair value-based method of accounting for stock options and other equity instruments. The Company has adopted this method, which measures compensation costs based on the estimated fair value of the award and recognizes that cost over the service period.

In December 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure" (hereinafter "SFAS No. 148"). SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, the statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosure in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of the statement are effective for financial statements for fiscal years ending after December 15, 2002. As the Company accounts for stock-based compensation using the method prescribed in SFAS No. 123, the adoption of SFAS No. 148 has no impact on the Company's financial condition or results of operations.

Accounting Method

The Company's financial statements are prepared using the accrual method of accounting.

Advertising and Marketing Expenses

Advertising expenses consist primarily of costs incurred in the design, development, and printing of Company literature and marketing materials. It also includes expenses related to trade shows and display racks supplied to customers. The Company expenses all advertising expenditures as incurred. The Company's advertising expenses were \$270,410 and \$384,012, for the years ended May 31, 2005 and 2004, respectively.

Bad Debts

The Company estimates bad debts utilizing the allowance method, based upon past experience and current market conditions. At May 31, 2005 and 2004, there was no allowance for doubtful accounts. For the years ended May 31, 2005 and 2004 the Company did not record any bad debt expense.

Comprehensive Income

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (hereinafter "SFAS No. 130"). SFAS No. 130 established standards for reporting and displaying comprehensive income, its components and accumulated balances. SFAS No. 130 is effective for periods beginning after December 15, 1997. The Company adopted this accounting standard.

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Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. At May 31, 2005 and 2004, the Company did not have cash equivalents.

Compensated Absences

Employees of the Company are entitled to paid vacation, sick, and personal days off, depending on job classification, length of service, and other factors. The Company accrues vacation expense throughout the year. Accrued compensated absences as of May 31, 2005 and 2004 were approximately \$27,177 and \$12,000, respectively.

Costs Associated with Exit or Disposal Activities

In June 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (hereinafter "SFAS No. 146"). SFAS No. 146 addresses significant issues regarding the recognition, measurement, and reporting of costs associated with exit and disposal activities, including restructuring activities. SFAS No. 146 also addresses recognition of certain costs related to terminating a contract that is not a capital lease, costs to consolidate facilities or relocate employees, and termination benefits provided to employees that are involuntarily terminated under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred-compensation contract. SFAS No. 146 was issued in June 2002 and is effective for activities after December 31, 2002. There has been no impact on the Company's financial position or results of operations from adopting SFAS No. 146.

Derivative Instruments

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (hereinafter "SFAS No. 133"), as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB No. 133", and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", and SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". These statements establish accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. They require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change.

Historically, the Company has not entered into derivatives contracts to hedge existing risks or for speculative purposes.

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At May 31, 2005, the Company has not engaged in any transactions that would be considered derivative instruments or hedging activities.

Earnings per Share

The Company has adopted Statement of Financial Accounting Standards Statement No. 128, "Earnings Per Share". Basic loss per share is computed using the weighted average number of common shares outstanding. Diluted net loss per share is the same as basic net loss per share, as the inclusion of common stock equivalents would be antidilutive. As of May 31, 2005, the Company had convertible debt of \$185,000, which is included in debentures and related party loans payable and considered to be antidilutive.

Fair Value of Financial Instruments

The carrying amounts for cash, deposits, prepaid expenses, receivables, accounts payable, loans payable, accrued liabilities, and convertible debt approximate their fair value.

Foreign Currency Translation Gains/Losses

The Company has adopted Financial Accounting Standard No. 52. Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at rates of exchange in effect at the balance sheet date. Gains or losses are included in income for the year, except gains or losses relating to long-term debt, which are deferred and amortized over the remaining term of the debt. Non-monetary assets, liabilities and items recorded in income arising from transactions denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern.

As shown in the accompanying financial statements, at May 31, 2005 the Company has an accumulated deficit of \$10,513,395, and current liabilities in excess of current assets by \$1,171,701. These circumstances raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

An estimated \$1.8 million in cash is believed necessary to continue the Company's operations and increase development through the next fiscal year. The timing and amount of capital requirements will depend on a number of factors, including demand for products and services and the availability of opportunities for international expansion through affiliations and other business relationships. Management intends to seek new capital from new equity securities issuances to provide funds needed to increase liquidity, fund internal growth, and fully implement its business plan.

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Inventory

Inventories, consisting of products available for sale, are recorded using the first-in first-out method and valued at the lower of cost or market value. Inventory at May 31, 2005 and 2004 consists of tableware for resale with a recorded cost of \$256,898 and \$293,714, respectively.

In November 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 151, "Inventory Costs— an amendment of ARB No. 43, Chapter 4". This statement amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB 43, Chapter 4, previously stated that ". . . under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges. . . ." This statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Management does not believe the adoption of this statement will have any immediate material impact on the Company.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation. References herein to the Company include the Company and its subsidiaries, unless the context otherwise requires.

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. See Note 3.

Provision for Taxes

Income taxes are provided based upon the liability method of accounting pursuant to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (hereinafter "SFAS No. 109"). Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the "more likely than not" standard imposed by SFAS No. 109 to allow recognition of such an asset.

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At May 31, 2005, the Company had net deferred tax assets calculated at an expected rate of 34% of approximately \$2,900,000 principally arising from net operating loss carryforwards for income tax purposes. As management of the Company cannot determine that it is more likely than not that the Company will realize the benefit of the net deferred tax asset, a valuation allowance equal to the net deferred tax asset has been established at May 31, 2005. The significant components of the deferred tax asset at May 31, 2005 and May 31, 2004 were as follows:

	May 31, 2005	May 31, 2004
Net operating loss carry forward	<u>\$ 8,600,000</u>	<u>\$ 7,800,000</u>
Deferred tax asset	<u>\$ 2,900,000</u>	<u>\$ 2,650,000</u>
Deferred tax asset valuation allowance	<u>(2,900,000)</u>	<u>(2,650,000)</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

At May 31, 2005, the Company has net operating loss carryforwards of approximately \$8,600,000, which expire in the years 2019 through 2023. The Company recognized approximately \$65,232 of losses from issuance of restricted common stock and stock options for services in fiscal 2005 and 2004, which are not deductible for tax purposes and are not included in the above calculation of deferred tax assets. The change in the allowance account from May 31, 2004 to May 31, 2005 was \$250,000.

Reclassification

Certain amounts from prior periods have been reclassified to conform to the current period presentation. This reclassification principally consists of the reclassification of the fair market value of all outstanding options and warrants as paid-in capital instead of a separate caption on the balance sheets and statements of stockholders equity. The reclassification has resulted in no changes to the Company's accumulated deficit or net losses presented.

Revenue and Cost Recognition

Revenues and costs from direct selling of merchandise are recognized at the time of sale of the Company's products. The Company recognizes revenue for product sales when the products are shipped F.O.B. and title passed to customers. Outbound shipping charges are included in net sales collected by the Company. The Company currently provides no allowance for sales returns based on historical experience.

Cost of sales consists of the purchase price of products sold, inbound and outbound shipping charges and packaging supplies.

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In November 2001, the Emerging Issues Task Force reached a consensus on Issue 01-9, "Accounting for Consideration Given by a Vendor to a Customer". EITF 01-9 addresses the recognition, measurement and income statement classification for sales incentives offered to customers. Sales incentives include discounts, coupons, free products and generally any other offers that entitle a customer to receive a reduction in the price of a product. Under EITF 01-9, the reduction in the selling price of the product resulting from any sales incentives should be classified as a reduction of revenue. The Company adopted EITF 01-9 in fiscal 2002. The Company does not offer sales incentives to its customers.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 153 (hereinafter "SFAS No. 109"). This statement addresses the measurement of exchanges of nonmonetary assets. The guidance in APB Opinion No. 29, "Accounting for Nonmonetary Transactions," is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that opinion, however, included certain exceptions to that principle. This statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This statement is effective for financial statements for fiscal years beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges incurred during fiscal years beginning after the date of this statement is issued. During the year ended May 31, 2005, the Company adopted SFAS No. 153. The Company has determined that there was no financial impact from the adoption of this statement.

In May 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" (hereinafter "SFAS No. 150"). SFAS No. 150 establishes standards for classifying and measuring certain financial instruments with characteristics of both liabilities and equity and requires that those instruments be classified as liabilities in statements of financial position. Previously, many of those instruments were classified as equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company has determined that there was no financial impact from the adoption of this statement.

Short-term Deposits

The Company's principal product supplier required prepayment for products ordered. The amount of \$7,845 represents inventory ordered and prepaid but not received at May 31, 2004.

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Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The useful lives of property and equipment for purposes of computing depreciation are three to seven years. The following is a summary of property, equipment, and accumulated depreciation:

	May 31, 2005	May 31, 2004
Computer hardware	\$109,740	\$ 109,740
Furniture and fixtures	78,016	78,016
Subtotal	187,756	187,756
Less accumulated depreciation	(185,806)	(164,987)
Property and equipment - net	<u>\$ 1,950</u>	<u>\$ 22,769</u>

Depreciation expense for the year ended May 31, 2005 and 2004 was \$20,819 and \$22,086, respectively. The Company evaluates the recoverability of property and equipment when events and circumstances indicate that such assets might be impaired. The Company determines impairment by comparing the undiscounted future cash flows estimated to be generated by these assets to their respective carrying amounts. Maintenance and repairs are expensed as incurred. Replacements and betterments are capitalized. The cost and related reserves of assets sold or retired are removed from the accounts, and any resulting gain or loss is reflected in results of operations.

NOTE 4 – INTANGIBLE ASSETS

The Company adopted SOP 98-1 as amplified by EITF 00-2, “Accounting for Web Site Development Costs.” In accordance with the adoption, the Company capitalized \$545,645 in web site development costs, which is the contractual cost of data base software purchased from an independent software supplier. No portion of this software was internally developed and, accordingly, there are no internal costs associated with this software which were charged to research and development. Consistent with SOP 98-1, the costs of this software—which was purchased solely for internal use and will not be marketed externally—have been capitalized. Capitalized costs are amortized on the straight line basis over five years. Amortization expense for the years ended May 31, 2005 and 2004 was \$8,143 and \$77,155, respectively. At May 31, 2005, this software was fully amortized.

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At May 31, 2005, the Company has capitalized an additional \$54,740 for the development of an ERP system designed to integrate all departments and functions across the Company into a single computer system database, thereby allowing various departments to share information. Amortization expense for the year ended May 31, 2005 was \$12,144. The Company amortizes this system using the straight line method over three years.

NOTE 5 – COMMON STOCK AND WARRANTS

During the year ended May 31, 2005, the Company issued 6,205,799 shares of common stock in payment of debt of \$400,000 and interest of \$17,521; 136,143 shares of common stock for services valued at \$9,743 and 138,125 shares of common stock for compensation valued at \$7,134.

During the year ended May 31, 2004, the Company issued 4,354,181 shares of common stock in payment of debt and interest of \$1,371,345; 1,480,489 shares of common stock for payment of accrued expenses of \$240,760; 308,333 shares of common stock for the conversion of debentures of \$42,500 and 122,184 shares of common stock for services valued at \$37,332. In addition, the Company rescinded 35,000 share of common stock from a former employee. The Company issued 3,887,325 shares of common stock for \$544,609 cash net of issuance costs of \$233,386. The Company also issued 4,612,675 shares of common stock for the fair market value of \$641,240 net of issuance costs of \$274,816.

During the year ended May 31, 2004, 2,222,343 warrants valued at \$307,367 and 1,119,000 options valued at \$228,172 expired.

During the years ended May 31, 2005 and 2004, all stock issued for other than cash was valued at the fair market value of the stock at the date of grant.

NOTE 6 – COMMON STOCK OPTIONS

During the year ended May 31, 2003 the Company's board of directors approved the Elgrande.com Inc. 2003 Stock Option Plan. This plan allows the Company to distribute up to 5,000,000 shares of common stock at a maximum offering price of \$0.05 per share.

During the years ended May 31, 2005 and 2004, the Company did not issue any new common stock options. Additionally, no options were exercised, and 30,000 options that were issued in 2002 vested during 2004.

During the year ended May 31, 2002, the Company issued 380,000 stock options for professional services valued at \$18,676. The fair value of the options issued was estimated using the Black Scholes Option Price Calculator assuming risk free interest of 5%, volatility ranging from 160% to 319%, a term of 5 years and an equity price of \$0.05. Of the 380,000 options, 350,000 were fully vested at May 31, 2003. The remaining 30,000 options are vested at May 31, 2004.

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The Company has adopted the Elgrande.com Inc. 1998 Directors and Officers Stock Option Plan and the Elgrande.com Inc. 1999 Stock Option Plan and the 2001 Stock Option Plan. These plans allow the Company to distribute up to 9,000,000 shares of common stock. Options issued under the 1999 plan increased to 220,000 shares exercisable at \$3.00 per share before June 2000.

Options issued under the 1998 plan amount to 850,000 valued at \$50,000 for services. The total outstanding options issued from these plans is 3,655,000.

The fair value of each of the above options granted was estimated on the grant date using the Black-Scholes Option Price Calculation. The following assumptions were made to estimate fair value: the risk-free interest rate is 5%, volatility is 50%, and the expected life of the options is five years.

The following is a summary of stock option activity:

	Number of Shares	Weighted Average Exercise Price
Outstanding June 1, 2003	3,640,000	\$ 0.61
Expired	(1,119,000)	(0.11)
Options outstanding and exercisable at May 31, 2004	2,521,000	\$ 0.83
Options outstanding and exercisable at May 31, 2005	2,521,000	\$ 0.83

The Company has four stock option plans entitled the Elgrande.com Inc. 1998 Stock Option Plan, Elgrande.com Inc. 1999 Stock Option Plan, Elgrande.com Inc. 2000 Stock Option Plan, and Elgrande.com Inc. 2003 Stock Option Plan (hereinafter "the Plans"). Their purpose is to advance the business and development of the Company and its shareholders by enabling employees, officers, directors and independent contractors or consultants of the Company the opportunity to acquire a proprietary interest in the Company from the grant of options to such persons under the Plans' terms. The Plans provide that the Company's board of directors may exercise its discretion in awarding options under the Plan, not to exceed 14,000,000 for the 1998, 1999, 2000 and 2003 Plans. The Board determines the per share option price for the stock subject to each option. All options authorized by each plan must be granted within ten years from the effective date of the Plan.

There is no express termination date for the options, although the Board may vote to terminate the Plan. The exercise price of the options will be determined at the date of grant. The following is a summary of the Company's stock option plans:

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Equity compensation plans not approved by security holders	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
1998, 1999 and 2000 stock option plan	2,521,000	\$0.83	224,145
2003 stock option plan	-	-	5,000,000
Total	2,521,000	\$0.83	5,224,145

NOTE 7 – RELATED PARTIES

During the year ended May 31, 2005, one of the Company's officers loaned the Company \$198,224, which is uncollateralized, due on demand and bears no interest. The Company repaid \$126,647 of the \$198,224 to its officer in cash during 2005.

During the year ended May 31, 2004, the Company issued a 12% convertible debenture to one of its officers in the amount of \$161,762. In addition, this same officer loaned the Company \$173,103, which is uncollateralized, due on demand and bears no interest. The Company repaid \$81,129 of the \$173,103 to its officer in cash during 2004.

Certain consultants who received common stock under the Company's non-qualified stock option plan are related to the Company's directors and stockholders. Of the 850,000 shares issued to consultants in 1999, 187,500 shares were issued to family members of directors who provided services to the Company. See Note 6.

During the years ending May 31, 2005 and 2004, the Company paid its officers and directors \$9,720 and \$18,660, respectively, in consulting fees.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company rents office space in Vancouver, B.C., Canada for \$2,925 per month under a lease which is effective from January 1, 2002 to July 30, 2003. The Company signed a new five-year lease for different warehouse and office space in Vancouver, B.C. beginning August 1, 2003. The rent for the first two years is approximately \$3,500 per month, for the next two years is approximately \$3,600 per month, and for the final year is approximately \$3,900 per month.

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Future minimum lease payments under this operating lease at May 31, 2005 for each of the next four years are:

2006	\$42,950
2007	\$43,611
2008	\$46,915
2009	\$ 7,930

Commitments

During July 2003, the Company agreed to issue up to \$600,000 of common stock to Walther-Glas plus an option to purchase \$200,000 of additional common stock shares for inventory of \$400,000. The accrued liability of \$400,000 for inventory was converted to common shares in the year ended May 31, 2005.

Disputed Accounts

In May 2002, litigation initiated by the Company's former advertising agent, was settled. The settlement amount of \$40,000 to be paid in a combination of cash and stock was agreed upon. In accordance with this settlement the Company issued 461,538 shares of its common stock and agreed to make a cash payment of \$10,000. The Company paid this \$10,000 commitment during the year ended May 31, 2004.

NOTE 9 – CONCENTRATION OF CREDIT RISK

Cash

The Company maintains cash balances at two banks. Accounts at each institution are insured by the Canadian Depository Insurance up to \$60,000 in Canadian funds. At May 31, 2005 and 2004, no account exceeded this limit.

Economic Dependency

During the fiscal year ended May 31, 2004, the Company expanded its product line but each individual product is supplied by its own supplier. The Company currently purchases approximately 90% of its product line from one supplier.

NOTE 10 – NOTES AND DEBENTURES PAYABLE

Short-term Notes

During 2003 and 2002, amounts of \$6,416 and \$6,212 were loaned to the Company, respectively. During 2004, the Company issued common stock for \$12,628 of debt and paid additional debt of \$29,956 in cash of which \$14,574 was accrued interest.

Debentures

Three 12% convertible debentures were issued to private investors during the year ended May 31, 2004, in the amount of \$42,500. These debentures were converted to common stock at May 31, 2004.

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During the years ended May 31, 2002 and 2001, the Company issued 12%, subordinated convertible debentures for a total of \$172,042, of which \$38,640 was to related parties. The debentures matured on various dates beginning January 1, 2002 through May 2002 and pay simple interest quarterly. The debentures are convertible to common stock at a conversion price equal to the average closing bid price for the five trading days immediately prior to the conversion date. During the year ended May 31, 2002, all debenture holders signed an agreement to extend the terms of their debentures for one year. During the year ended May 31, 2003, \$11,925 was repaid in cash. Subsequent to May 31, 2003, the Company negotiated the extension of all the debentures outstanding. During the year ended May 31, 2004, an additional \$158,262 in debentures were issued to a related party, \$74,456 of debentures were paid with stock and \$12,030 paid in cash. During the year ended May 31, 2005, the Company issued stock of \$26,710 and paid cash of \$28,262 in payment of debentures to non-related parties.

During the year ended May 31, 2005, a private investor made loans to the Company in the aggregate amount of \$745,108. These loans have an interest rate of 12% per annum and are collateralized by all of the Company's inventory and accounts receivable. The note is convertible to 9,000,000 shares of common stock.

NOTE 11 – MERGER AGREEMENT

On October 31, 2003, the Company and Biscayne Bay Trading Corporation ("Biscayne Bay", a Florida corporation, entered into a merger agreement. Biscayne Bay was created to market and sell leading home décor and office furnishing products throughout the southeast United States. The merger become effective October 31, 2003 and Biscayne Bay ceased to exist.

The Company issued 35,000 shares of its common stock in exchange for the outstanding shares of Biscayne Bay which equated to the aggregate fair market value of approximately \$8,000 of Biscayne Bay at the time of merger.

Debenture Agreement

As part of the merger agreement with Biscayne Bay, the rights and obligations of Biscayne Bay under a debenture agreement inured to the benefit of and became binding upon the Company, so that any subsequent funding under the debenture agreement would be received by the Company.

Biscayne Bay entered into a debenture agreement with three Colorado accredited investors whereby Biscayne Bay committed to sell \$1,000,000 in convertible debentures, together with underlying authorized but unissued shares of common stock of Biscayne Bay into which the Biscayne Bay debenture maybe converted to by those accredited investors.

Subsequent to the merger, the Company deposited 2,000,000 shares of the Company's common stock with an escrow agent as security for its performance under the Biscayne Bay agreement. An additional 6,500,000 shares were placed in escrow during the year ended May 31, 2004. If all the debentures are converted, the Company expects to receive approximately \$885,000 in funding, the balance for the original Biscayne Bay agreement.

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Under the above agreement the Company has issued \$697,000 in convertible debentures. These debentures bear an 8% interest rate and are discounted 11.5%. The discount of \$80,154 has been recorded as interest expense since the debentures were immediately converted to common stock.

NOTE 12 – DEBT FORGIVENESS

During the years ended May 31, 2005 and 2004, the Company recorded income of \$29,777 and \$236,770, respectively, from the Company's vendors forgiving old accounts payable. In accordance with Financial Accounting Standards Board No. 145, these gains are included in other income in the Company's statement of operations.

ITEM 8. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 8A. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the specified time periods. As of the end of the period covered by this report, the Company's Chief Executive and Principal Financial Officer evaluated, with the participation of Company's management, the effectiveness of the Company's disclosure controls and procedures. Based on the evaluation, which disclosed no significant deficiencies or material weaknesses, the Company's Chief Executive and Principal Financial Officer concluded that the Company's disclosure controls and procedures are effective. There were no changes in the Company's internal controls over financial reporting that occurred during the Company's most recent fiscal year that may have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 8B. OTHER INFORMATION.

Not applicable.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Our executive officers and directors and their ages as of August 26, 2005 are as follows:

NAME	AGE	POSITION
Michael F. Holloran	58	President, CEO and Director
Murat Erbatur	55	Director

MICHAEL F. HOLLORAN, PRESIDENT AND CEO

Michael Holloran was elected a director effective August of 2000 and accepted the position of President & CEO of Elgrande on August 4, 2000. He brings to Elgrande a wealth of senior management experience spanning 28 years, including 22 years with the Beak International Group and long-term involvement spearheading strategic corporate expansion into key international markets, primarily within Southeast Asia. He has served as a technical advisor to the Asian Development Bank, the governments of Indonesia, Malaysia and the Philippines. He holds outside Directorships, Advisory Board and committee memberships at several prominent North American institutions. He has a Masters of Chemical Engineering degree from McMaster University, a Bachelor of Science (Honors) degree in Applied Mathematics and Chemistry from the University of Waterloo and a Management Studies diploma from Sheridan College.

MURAT ERBATUR, DIRECTOR

Murat F. Erbatur founded and is President and CEO of MCM Integrated Technologies Ltd and ScanTech Imaging Corp. MCM is one of the leading providers of information technology products and services. ScanTech Imaging Corp. is the market leader in fillable and linkable forms for the mutual fund industry. Mr. Erbatur has spent most of his 32-year professional career in computers and their applications in technical and business environments. His career includes 11 years with Swan Wooster Engineering, three years as Vice

President of Engineering Software Development Corp, two years as Director of Marketing with REBIS Industrial Work Group Software and six years with Simons International as Manager, Computer Applications. Mr. Erbatur received a B.Sc. degree in Civil Engineering from Robert College (Istanbul, Turkey) in 1972 and a Masters degree in Engineering from University of British Columbia in 1973.

Our directors are elected by the stockholders and our officers are appointed by our board of directors. Our officers hold office until their successors are elected and qualified. Vacancies in our board are filled by the board itself. There are currently two vacancies on our board of directors.

We do not have an audit committee, although we intend to establish such a committee, with an independent “financial expert” member as defined in the rules of the Securities and Exchange Commission.

We are reviewing a proposed corporate code of conduct, which would provide for internal procedures concerning the reporting and disclosure of corporate matters that are material to our business and to our stockholders. The corporate code of conduct would include a code of ethics for our officers and employees as to workplace conduct, dealings with customers, compliance with laws, improper payments, conflicts of interest, insider trading, company confidential information, and behavior with honesty and integrity.

There are no family relationships between any of our executive officers and/or directors.

COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

We believe that during the fiscal year ended May 31, 2005, Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were satisfied.

Name and principal position	Number Of late Reports	Transactions Not Timely Reported	Known Failures To File a Required Form
Michael F. Holloran, President & CEO	0	0	0
Thomas A. Simons	0	0	0

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth certain information regarding the annual compensation for services in all capacities to us for the years ended May 31, 2005 and May 31, 2004:

SUMMARY COMPENSATION TABLE

Annual Compensation					Long-Term Compensation			
(a)	(b)	(c)	(d)	(e)	Awards		Payouts	
Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Other Annual Comp. (\$)	Restricted Stock Awards(1) (\$)	Securities Underlying Options/SARs(#) (\$)	LTIP Payouts (\$)	All Other Comp. (\$)
Michael F. Holloran(1)	2005	\$9,720	\$0	\$0	\$0	-0-	\$0	\$0
President and Director	2004	\$20,395	\$0	\$0	\$58,731	-0-	\$0	\$0

(1) Mr. Holloran's annual contract amount of \$120,000 is paid in combination of cash and stock.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

No options/SARs were granted in the fiscal year ended May 31, 2005.

We have four Stock Option Plans. The 1998 Directors and Officers Stock Option Plan was adopted on September 23, 1998 and the 1999 Stock Option Plan was adopted on June 11, 1999. The purpose of the Plans is to advance the business and development of the Company and its shareholders by affording to our employees, directors and officers the opportunity to acquire a proprietary interest in the Company by the grant of Options to such persons under the Plan's terms. The 1998 Plan reserved 1,000,000 shares for grant or issuance upon the exercise of options granted under the plan. The 1999 Plan reserved 5,000,000 shares for grant or issuance upon the exercise of options granted under the plan. On January 11, 2002, the Board of Directors adopted the 2001 Stock Option Plan pursuant to which 3,000,000 shares are reserved for issuance to management and consultants. On July 26, 2005, the Board adopted the 2005 Stock Option Plan, under which 6,000,000 shares of common stock are reserved for issuance to management and consultants.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION/SAR VALUES

No officer or Director exercised any options in the fiscal year ended May 31, 2005.

LONG TERM INCENTIVE PLANS - AWARDS IN LAST FISCAL YEAR

We have not otherwise awarded any stock options, stock appreciation rights or other form of derivative security or common stock or cash bonuses to our executive officers and directors.

COMPENSATION OF DIRECTORS

The members of our Board of Directors are reimbursed for actual expenses incurred in attending Board meetings.

EMPLOYMENT CONTRACTS

Our current CEO and President, Michael F. Holloran, is party to a consulting contract at a salary of \$120,000 per annum.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of August 26, 2005, information concerning the beneficial ownership of the our Common Stock by (i) each person who is known by us to own beneficially more than 5% of our Common Stock, (ii) each of our directors and officers, and (iii) all of our directors and executive officers as a group.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	% of Class
Common Stock	Michael F. Holloran (1) c/o 1450 Kootenay St. Vancouver, B.C. V5K 4R1	2,585,117 Direct	8.31%
	Thomas A. Simons (2) 3685 Cameron Street Vancouver, B.C. V6R 1A1	13,335,864 Direct	33.67%
	All officers and directors as a Group (1 persons)	2,585,117 shares	8.31%

(1) In addition to 2,085,117 shares owned directly, Mr. Holloran holds presently exercisable options to purchase 500,000 shares, at an exercise price of \$0.10 per share, expiring July 2006.

(2) In addition to 4,335,864 shares owned directly, Mr. Simons holds a note presently convertible into 9,000,000 shares of common stock.

CHANGES IN CONTROL

There are no arrangements that may result in a change in control of the Registrant.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our By-Laws include a provision regarding related party transactions which requires that each participant to such transaction identify all direct and indirect interests to be derived as a result of the Company's entering into the related transaction. A majority of the disinterested members of the board of directors must approve any related party transaction. We have an employment contract with Michael F. Holloran, our Chairman and CEO, providing for annual compensation of \$120,000, and expiring on January 31, 2005. This contract has been renewed for another year, expiring on January 31, 2006.

ITEM 13. EXHIBITS

The following Exhibits are filed by attachment to this Annual Report on Form 10-KSB/A:

<u>EXHIBIT</u> <u>NUMBER</u>	<u>DESCRIPTION</u>
Ex 31	Certification of Michael F. Holloran Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
Ex 32	Certification of Michael F. Holloran Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

In addition to those Exhibits shown above, the Company incorporates the following Exhibits by reference to the filings set forth below:

<u>EXHIBIT</u> <u>NUMBER</u>	<u>DESCRIPTION</u>	
Ex 3.1	Articles of Incorporation	3.1 in Form 10-SB dated Feb 2, 1999
Ex 3.11	By-Laws	3.11 in Form 10-SB dated Feb 2, 1999
Ex 4.2	Form of 12% Convertible debenture	4.2 in Form 10-KSB dated Aug 21, 2001
Ex 4.3	Form of Stock Purchase Warrant	4.3 in Form 10-KSB dated Aug 21, 2001
Ex 4.4	Stock Purchase Agreement, between Company and IFG Private Equity LLC	4.4 in Form SB-2 dated May 17, 2002
Ex 4.5	Commitment Warrant to IFG Private Equity LLC	4.5 in Form SB-2 dated May 17, 2002
Ex 4.6	Registration Rights Agreement, between Company and IFG Private Equity LLC	4.6 in Form SB-2 dated May 17, 2002
Ex 4.7	1998 Directors' & Officers' Stock Option Plan	99.1 in Form S-8 dated Feb 29, 1999
Ex 4.8	1999 Stock Option Plan	99.2 in Form S-8 dated Feb 29, 1999
Ex 4.9	2001 Stock Option Plan	4.7 in Form S-8 filed November 27, 2001
Ex 4.10	2003 Stock Option Plan	4.8 in Form S-8 filed October 25, 2002
Ex 4.11	2005 Stock Option Plan	4.8 in Form S-8 filed July 28, 2005
Ex 10.3	M. Page-Consulting Agreement	10.3 in Form 10-SB dated Feb 2, 1999
Ex 10.4	C. Parfitt-Consulting Agreement	10.4 in Form 10-SB dated Feb 2, 1999
Ex 10.6	Office lease dated Aug 27, 1998	10.6 in Form 10-SB dated Apr 21, 1999
Ex 10.7	Office lease dated Dec 22, 1998	10.7 in Form 10-SB dated Apr 21, 1999
Ex 10.8	Wolnosc International-Consulting Agreement	10.8 in Form 10-SB dated Aug 29, 2000
Ex 10.9	Office lease dated Jan 1, 2000	10.9 in Form 10-SB dated Aug 29, 2000
Ex 10.10	Capital Lease Agreement	10.10 in Form 10-SB dated Aug 29, 2000
Ex 10.11	Michael F. Holloran - Consulting Agreement	10.11 in Form 10-KSB dated Aug 21, 2001
Ex 10.12	Sublease Agreement of Company's offices dated August 7, 2	10.12 in Form 10-QSB dated Oct 15, 2001
Ex 10.13	Addendum to the Sublease dated August 22, 2001	10.13 in Form 10-QSB dated Oct 15, 2001
Ex 10.14	Paul Morford Consulting Agreement	10.14 in Form 10-QSB dated Oct 15, 2001
Ex 21	List of Subsidiaries	21 in Form 10-SB dated Aug 29, 2000

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

- (1) Audit related fees for 2004: \$30,013
- (2) Audit related fees for 2005: \$20,115
- (3) Tax fees for 2005: \$3,012
- (4) All other fees: NA
- (5) Audit committee pre-approval processes, percentages of services approved by audit committee, percentage of hours spent on audit engagement by persons other than principal accountant's full time employees: NA

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf the undersigned, thereto duly authorized.

Dated: September 6, 2005

Elgrande International, Inc.

By: /s/ Michael F. Holloran

Michael F. Holloran,
President, Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on September 6, 2005.

SIGNATURE

CAPACITY

-

/s/ Murat Erbatur

Director

Murat Erbatur

CERTIFICATION

I, Michael F. Holloran, certify that:

1. I have reviewed this amended annual report on Form 10-KSB/A of Elgrande.com, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: September 6, 2005 /s/ Michael F. Holloran

Michael F. Holloran, Chief Executive Officer
and Principal Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the amended Annual Report of Elgrande.com, Inc. (the "Company") on Form 10-KSB/A for the period ended May 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael F. Holloran, Chief Executive Officer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge: (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Michael F. Holloran

Michael F. Holloran;
Chief Executive Officer and
Principal Financial Officer

September 6, 2005